

MORE MEN AND WOMEN WEAR BOND CLOTHES THAN ANY OTHER CLOTHES IN AMERICA

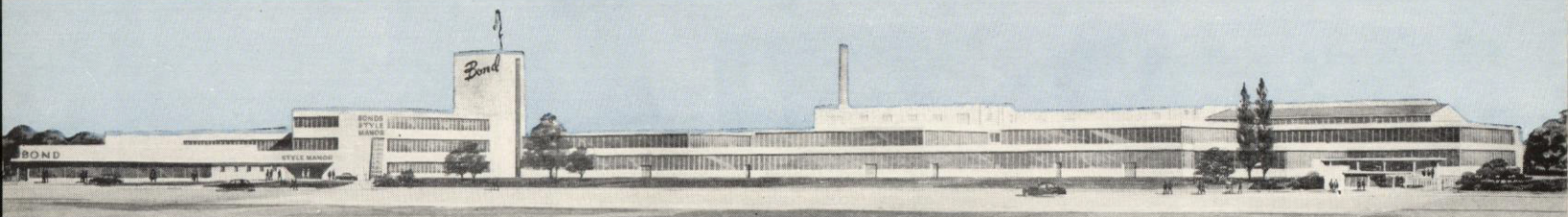
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fiscal report

SEVEN MONTHS ENDED JULY 31, 1954

BOND STORES, INCORPORATED



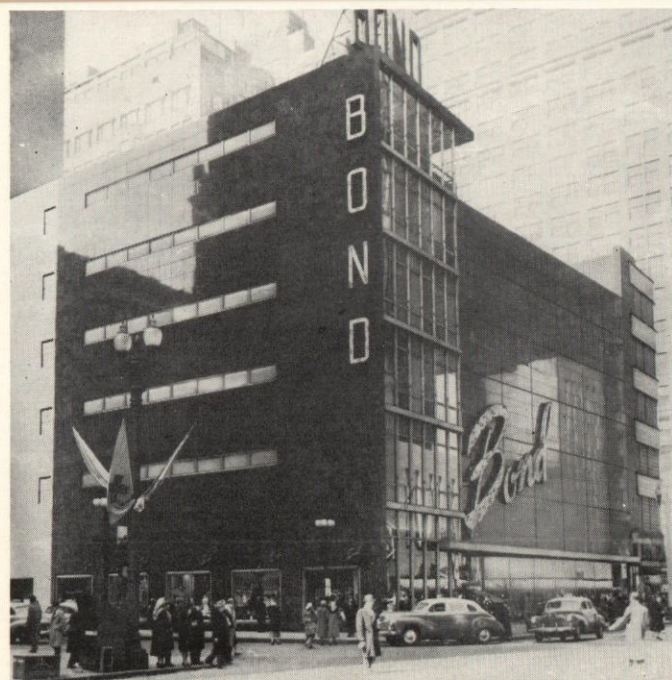
BOND STYLE MANOR . . . The nation's largest and most modern tailoring plant in Rochester, N. Y., known for its superior quality clothing. At Style Manor, thousands of Rochester's most skilled craftsmen apply their deft fingers to the tailoring of Bond Clothes.



BOND FIFTH AVENUE on the world-famous fashion street—six spacious floors devoted to apparel for the entire family. The Bond executive and buying offices occupy the top three floors and penthouse. (Left)

BOND STATE STREET, on the Chicago thoroughfare which enjoys the respect of all American business people. This Bond store is an outstanding six-story modern apparel center located in the heart of the street of retailing giants. (Below left)

BOND TIMES SQUARE. This wholly-owned Bond building in the heart of Times Square houses a tremendous clothing store topped by the largest spectacular sign in the world. This Bond Showplace serves customers from all over the United States and almost every part of the globe. (Below)



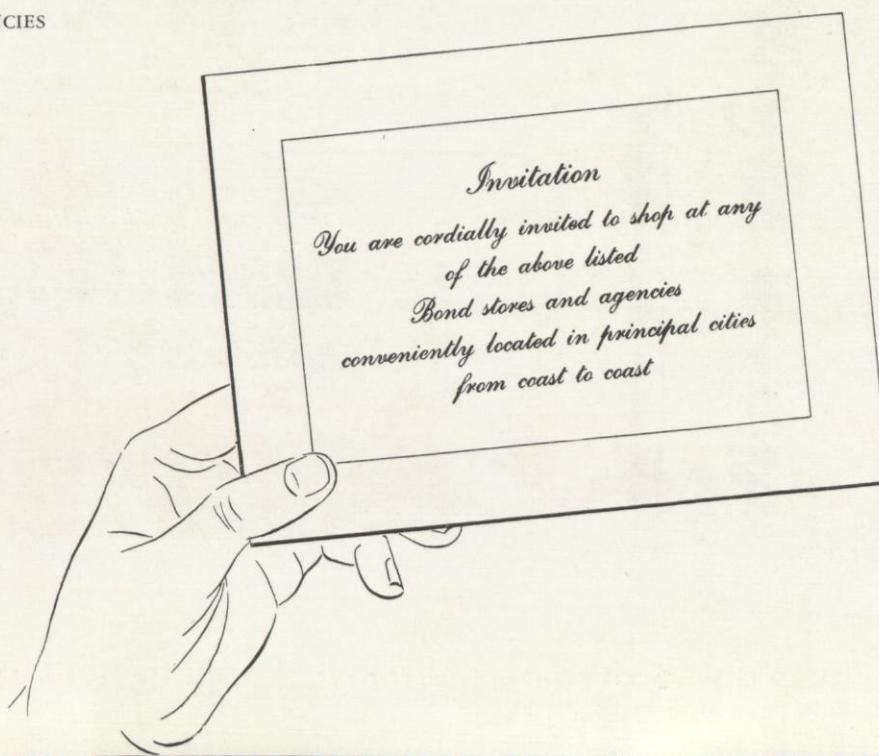
Bond showplaces are located on the finest shopping avenues in America!

BOND STORES AND AGENCIES ARE LOCATED IN THE FOLLOWING CITIES

*ABILENE, TEXAS	*GALVESTON, TEXAS	OAKLAND, CALIF.
AKRON, OHIO	GERMANTOWN, PA.	OKLAHOMA CITY, OKLA.
ALBANY, N. Y.	GLENDALE, CALIF.	OMAHA, NEB.
ALTON, ILL.	*GLOVERSVILLE, N. Y.	*PARKERSBURG, W. VA.
*ASBURY PARK, N. J.	HARTFORD, CONN.	PATERSON, N. J.
BALTIMORE, MD.	*HASTINGS, NEB.	PHILADELPHIA, PA.
BIRMINGHAM, ALA.	*HAZLETON, PA.	PITTSBURGH, PA.
BOSTON, MASS.	HOLLYWOOD, CALIF.	*PITTSFIELD, MASS.
*BROWNWOOD, TEXAS	HOUSTON, TEXAS	PROVIDENCE, R. I.
BUFFALO, N. Y.	HUNTINGTON PARK, CALIF.	READING, PA.
*BURLINGTON, VT.	*JACKSONVILLE, FLA.	*RED BANK, N. J.
*BUTLER, PA.	JERSEY CITY, N. J.	ROCHESTER, N. Y.
CHICAGO, ILL.	KANKAKEE, ILL.	(2 stores)
(8 stores)	KANSAS CITY, MO.	*SALEM, OHIO
CINCINNATI, OHIO	LAKEWOOD CENTER, CALIF.	SAN FRANCISCO, CALIF.
CLAYTON, MO.	LINCOLN, NEB.	SAN JOSE, CALIF.
CLEVELAND, OHIO	LORAIN, OHIO	SAVANNAH, GA.
COLUMBUS, OHIO	LOS ANGELES, CALIF.	SCHENECTADY, N. Y.
*CORPUS CHRISTI, TEXAS	(3 stores)	SCRANTON, PA.
DALLAS, TEXAS	LOUISVILLE, KY.	SPRINGFIELD, ILL.
DAYTON, OHIO	*LYNCHBURG, VA.	SPRINGFIELD, MASS.
DES MOINES, IOWA	*MANCHESTER, N. H.	ST. LOUIS, MO.
DETROIT, MICH.	MEMPHIS, TENN.	SYRACUSE, N. Y.
(2 stores)	MILWAUKEE, WISC.	TOLEDO, OHIO
*EASTON, PA.	MINNEAPOLIS, MINN.	*TORRINGTON, CONN.
*ELMIRA, N. Y.	MUSKEGON, MICH.	TRENTON, N. J.
FALL RIVER, MASS.	NEWARK, N. J.	*UPPER DARBY, PA.
*FARGO, N. D.	NEW BRUNSWICK, N. J.	WASHINGTON, D. C.
FLINT, MICH.	NEW HAVEN, CONN.	*WICHITA FALLS, TEXAS
FORT WORTH, TEXAS	NEW YORK, N. Y.	WILKES-BARRE, PA.
FRESNO, CALIF.	(8 stores)	YOUNGSTOWN, OHIO

Factories in Rochester, N. Y. and New Brunswick, N. J.

*AGENCIES



OFFICERS

BARNEY RUBEN	<i>Chairman of the Board and President</i>
IRVING COHEN	<i>Vice-President</i>
JAMES W. CONNORS	<i>Vice-President</i>
SYLVAN N. KING	<i>Vice-President</i>
IRVING MOSELOWITZ	<i>Vice-President</i>
LOUIS A. GOOD	<i>Vice-President</i>
MAURIE SANGER	<i>Vice-President</i>
LOUIS B. BERMAN	<i>Vice-President</i>
WILLIAM B. LOFTUS	<i>Vice-President</i>
ELLIS H. SCHECHTMAN	<i>Secretary and Treasurer</i>
BERNARD GROSSMAN	<i>Assistant Secretary</i>

BOARD OF DIRECTORS

BARNEY RUBEN	ELLIS H. SCHECHTMAN
IRVING COHEN	MAURIE SANGER
JAMES W. CONNORS	JOSEPH KLINGENSTEIN
SYLVAN N. KING	HUGO SONNENSCHNEIN
IRVING MOSELOWITZ	LOUIS A. GOOD

TRANSFER AGENT

BANK OF THE MANHATTAN COMPANY
40 Wall Street • New York 5, N. Y.

REGISTRAR

BANKERS TRUST COMPANY
46 Wall Street • New York 5, N. Y.

This report to stockholders is published solely for the purpose of providing information. It is not a representation, prospectus or circular in respect of any stock or security of any corporation and is not transmitted in connection with any sale, negotiation for the sale, or offer to sell or buy, or to induce the purchase, of any stock or security.

BOND STORES, INCORPORATED

FIFTH AVENUE AT 35TH STREET

NEW YORK 1, N. Y.

November 15, 1954

Dear Stockholder:

With the approval of the Board of Directors, I submit herewith a summary of your Company's Consolidated Operating results for the seven month period ended July 31, 1954.

On July 9, 1954, at a special meeting of stockholders, approval of the action of the Board of Directors was voted, changing the fiscal year-end from December 31 to July 31. Permission to make such change was granted subsequently by the United States Treasury Department, provided your Company filed a tax return for such seven month period, January 1 to July 31, 1954, and annually thereafter for each fiscal year beginning August 1 and ending July 31. We have agreed to follow this procedure.

Prior to the change of fiscal year, annual reports were issued each year as of December 31, and interim unaudited reports as of June 30. In the future, annual reports will be issued as of July 31 and interim unaudited reports as of January 31.

Because of this fiscal year change, which also changes the interim reporting dates, comparison for the seven month period in each year will be on an audited basis for 1954 and on an estimated basis subject to year-end adjustment for 1953 and should be borne in mind in analyzing the following.

Before commenting on operations and performance, may I first refer you to the Consolidated Balance Sheet and the Consolidated Statement of Income and Earned Surplus for the period ending July 31, 1954, set forth on the following pages. These reports reflect the sound financial position of your Company. Current assets total \$40,029,929.87. Net working capital was \$33,814,308.15. The ratio of current assets to current liabilities was 6.4 to 1. As of July 31, 1954, book value per share was \$27.25.

Sales for seven months this year totaled \$41,740,425.18 compared with \$44,703,043.96 for the same period a year ago—a decline of 6.6%. This decline in volume is attributable in part to the lesser number of Bond Stores in operation during the current seven month period than in the corresponding prior year period, three stores having been closed—one as of June 30, another as of November 30, and the third one as of January 2, 1954. On July 31, 1954, there were 82 Bond Stores in operation. A further contributing factor was the lower than historically usual percentage of spendable income diverted to men's and women's apparel.

Profits before other income, other deductions, and provision for Federal Income Taxes were \$1,644,884.81 compared with \$2,308,484.08 estimated for the same period 1953. Net profits, after providing for Federal Income Taxes, other income, and other deductions were \$681,526.18 compared with \$901,866.57 estimated for the same period 1953. Such net earnings are equal to 40¢ per share on 1,688,383 shares of Common Stock outstanding on July 31, 1954. Estimated net earnings for the same prior year period were 53¢ per share on the same number of shares.

While there were no new stores opened this year up to July 31, remodeling and modernization of seven existing stores was in progress during this period, three of which were completed and put into operation. The remaining four stores were completed in September, 1954. Also in September, a new store was opened in Minneapolis, Minnesota. The public response was most gratifying and it is anticipated that performance in this store, as well as in the newly remodeled stores, will contribute substantially to volume and earning performance during the current fiscal year. Capital expenditures during the first seven months of this year for improvements and new store facilities was \$665,711.44, of which owners of property are contributing \$134,291.19. I should like to point out, however, that \$260,553.85 of such capital expenditures was made in two of the remodeled stores where your Company has long term net leases and therefore had no basis for making request for owner contribution for such improvements.

We are going forward with our modernization and expansion program and will continue our policy of limiting our own capital investments wherever possible. In recognition of changing shopping habits, we have consummated several leases for stores in major shopping centers. It is expected that these stores will commence operation some time during 1955.

As of July 31, 1954, there were 23 Agency stores in operation compared with 14 as of July 31, 1953. We consider this program of granting franchises to be successful and it will be continued.

In concluding this report, I should like to state that your management deeply appreciates the interest of its stockholders, the cooperation of its employees, and the good will of the public.

Respectfully submitted,

Barney Ruben

President

BOND STORES, INCORPORATED AND
CONSOLIDATED BALANCE SHEET

ASSETS

Current Assets:

Cash on hand and in banks			\$7,523,513.95
Accounts receivable—customers	\$11,120,644.70		
Less: Reserve for doubtful accounts	357,001.51		10,763,643.19
Miscellaneous accounts receivable			216,828.96
Merchandise inventories—Note A:			
Woolens, trimmings, etc.	2,489,976.44		
Work in process	1,510,704.29		
Finished goods	17,525,263.04		21,525,943.77
Total Current Assets			40,029,929.87
Miscellaneous Other Assets			269,493.75

Fixed Assets—at cost—Note B:

Land and buildings	\$16,236,299.55		
Less: Reserves for depreciation	2,799,424.59	13,436,874.96	
Machinery, furniture, fixtures and equipment	5,406,932.13		
Less: Reserves for depreciation	2,286,214.98	3,120,717.15	
Alterations, improvements and leaseholds	6,655,198.09		
Less: Reserves for amortization	2,305,124.80	4,350,073.29	20,907,665.40

Deferred Charges:

Prepaid rent and advances to landlords on improvements to leased properties	1,358,629.20		
Unexpired insurance and other prepaid expenses	797,789.19		2,156,418.39
			<u>\$63,363,507.41</u>

This statement is subject to the comments of the
Report and to the Notes to Financial Statements

AND WHOLLY-OWNED SUBSIDIARIES

SHEET AS AT JULY 31, 1954

LIABILITIES

Current Liabilities:

Accounts payable	\$1,131,919.54
Deposits, due to customers, etc.	665,375.33
Accrued expenses and reserves for taxes other than Federal taxes on income—Note C	2,936,685.44
Reserve for Federal taxes on income—Note C	1,068,603.07
Mortgages and mortgage bonds payable—current installments—Note B	413,038.34
Total Current Liabilities	6,215,621.72

Mortgages and Mortgage Bonds Payable by Subsidiaries—Note B . \$11,557,269.78

Less: Current installments shown above 413,038.34 11,144,231.44

Capital Stock and Surplus:

	<i>Shares</i>		
Preferred Stock—			
par value \$100.00 per share:			
Authorized to be issued in series as designated by the Board of Directors	100,000		
Retired and cancelled	60,000		
Authorized but not designated	40,000		
Common Stock—			
par value \$1.00 per share:			
Authorized	2,500,000		
Issued and outstanding	1,688,383	1,688,383.00	
Capital Surplus (no change during the period)	\$11,596,135.77		
Earned Surplus—Exhibit B	32,719,135.48	44,315,271.25	46,003,654.25
			<u>\$63,363,507.41</u>

contained in the accompanying Accountants' statements, which are made a part hereof.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES
CONSOLIDATED STATEMENT OF INCOME AND EARNED SURPLUS
FOR THE SEVEN MONTHS ENDED JULY 31, 1954

Sales		\$41,740,425.18
Cost of goods sold and stores and general and administrative expenses, exclusive of depreciation and amortization—Note D		40,095,540.37
		<u>1,644,884.81</u>
Add:		
Income from owned real estate before depreciation—Note E	\$90,349.10	
Adjustments, aggregating \$299,317.63, to give effect to changes by the Internal Revenue Service of prior years' depreciation of fixed assets, etc., less applicable additional Federal income taxes, includ- ing interest, and state taxes aggregating \$168,350.00	130,967.63	
Other income	102,918.30	324,235.03
		<u>1,969,119.84</u>
Deduct:		
Depreciation and amortization—Note B		702,593.66
Net income before Federal taxes on income		1,266,526.18
Provision for Federal taxes on income—Note C		585,000.00
Net income		681,526.18
Earned Surplus as at December 31, 1953		32,881,800.80
		<u>33,563,326.98</u>
Dividends on Common Stock		844,191.50
Earned Surplus as at July 31, 1954—Exhibit A		<u>\$32,719,135.48</u>

This statement is subject to the comments contained in the accompanying Accountants' Report and to the Notes to Financial Statements, which are made a part hereof.

BOND STORES, INCORPORATED
AND WHOLLY-OWNED SUBSIDIARIES
NOTES TO FINANCIAL STATEMENTS AS AT JULY 31, 1954

- NOTE A: Merchandise inventories are stated at or below the lower of cost (prime cost as to goods manufactured by the Corporation, retail inventory method as to furnishings and invoice cost as to other merchandise, substantially on the "first-in, first-out" basis) or replacement market. These methods for pricing the merchandise inventories are consistent with the practice of prior years.
- NOTE B: Land in the amount of \$5,790,328.77 and buildings in the amount of \$10,445,970.78, totaling \$16,236,299.55 consist principally of property located at 45th Street and Broadway, New York City, owned by Adda, Inc., a wholly-owned subsidiary; properties in Rochester, New York, including the factories owned by Style Manor, Inc., a wholly-owned subsidiary; property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary; property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary; a factory in New Brunswick, New Jersey; and a shirt factory located in Meridian, Mississippi, owned by Burnley Shirt Corporation, a wholly-owned subsidiary.
- Depreciation and amortization set forth in the accompanying financial statements include a provision in respect of depreciable assets acquired during the current period calculated under a method authorized by the Internal Revenue Code of 1954, which is \$7,000.00 greater than the amount which would have been provided under the method regularly used by the Corporation and its wholly-owned subsidiaries.
- The property owned by Adda, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$2,887,069.02, payable in quarterly installments to December 13, 1959. The property located in Chicago, Illinois, owned by Stajac, Inc., a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$2,983,000.00, payable in quarterly installments to December 17, 1967. The factories located in Rochester, New York, owned by Style Manor, Inc., a wholly-owned subsidiary, are subject to a first mortgage in the amount of \$5,513,000.00, payable in quarterly installments to December 15, 1968. The property located in Syracuse, New York, owned by Syrabond Realty Corporation, a wholly-owned subsidiary, is subject to a first mortgage in the amount of \$174,200.76, payable in monthly installments to July 1, 1964. At each of the said dates the unamortized balance of the respective mortgages becomes due and payable. The Corporation is not liable under any of such mortgages, being in each case a lessee of the property, or a substantial part thereof, under long term leases; such leases are assigned as collateral under the mortgages, respectively.
- NOTE C: The Federal income and excess profits tax returns of the Corporation have been examined up to and including the year ended December 31, 1950 and all assessments have been paid or provided for.
- Claims for additional state taxes for prior years have been asserted but not resolved, in respect of which the Corporation added \$500,000.00 to reserves for taxes in the year 1953. The excess of the indicated claims over said reserves amounts to approximately \$660,000.00, exclusive of interest, and is being contested by the Corporation.
- The accompanying financial statements are subject to final determination of Federal, state and local taxes.
- NOTE D: The Employees' Profit Sharing and Retirement Fund Trust Agreement provides, among other things, for (1) voluntary contributions by eligible employees, (2) contributions by the Corporation and its wholly-owned subsidiaries, out of net earnings for the year as defined in the agreement, of 20% of the participating employees' contributions, (3) additional contributions by the Corporation and its wholly-owned subsidiaries computed at various percentages of net earnings for the year as defined in the agreement after deducting therefrom \$4,000,000.00 plus \$1.00 per share for any additional shares which the Corporation may issue after December 31, 1952 excluding additional shares resulting from stock dividends or split-up of stock and (4) the right of the Corporation to discontinue contributions to the plan.
- The contributions of the Corporation and its wholly-owned subsidiaries for the seven months ended July 31, 1954 amounted to \$14,257.91.
- NOTE E: This item includes intercompany rental on property partly occupied by the parent company.
- GENERAL: As at July 31, 1954, the aggregate minimum annual rental upon real property leases, other than intercompany leases, expiring after July 31, 1957 amounts to approximately \$2,340,000. Certain of these lease agreements provide for additional rentals based on sales or for payment of certain expenses, such as real estate taxes and maintenance costs.

ACCOUNTANTS' REPORT

To the Board of Directors,

BOND STORES, INCORPORATED, New York, N. Y.

We have examined the consolidated balance sheet of Bond Stores, Incorporated and wholly-owned subsidiaries as at July 31, 1954 and the related consolidated statement of income and earned surplus for the seven months then ended. Our examination was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

In our opinion, subject to final determination of the claim for state taxes referred to in Note C of the notes to financial statements, the accompanying consolidated balance sheet and consolidated statement of income and earned surplus, together with the notes to financial statements, present fairly the consolidated financial position of Bond Stores, Incorporated and wholly-owned subsidiaries at July 31, 1954, and the consolidated results of their operations for the seven months then ended, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

S. D. LEIDESDORF & CO.

New York, N. Y.
October 22, 1954

BOND CLOTHES

WORN BY MORE MEN AND WOMEN

THAN ANY OTHER CLOTHES

IN AMERICA

